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MEMORANDUM

DATE: April 22, 2004
TO: CMO Directors
FROM: Monica Deignan, Family Care Program Manager
Center for Delivery Systems Development
SUBJECT: Contract Interpretation Bulletin CIB #2004-1
Program Integrity Requirements

Enclosed please find Contract Interpretation Bulletin (CIB) #2004-1: Program Integrity Requirements. The draft CIB was first presented at the February 25, 2004 CMO Directors Workgroup meeting and was also discussed at a conference call. No comments were received from any of the Care Management Organizations by the 30-day deadline of March 26, 2004. This CIB, #2004-1, became effective as of April 1, 2004.

The HCS Contract for CY 2005 will incorporate all Contract Interpretation Bulletins in the CY 2003 contract.

Please contact Ann Marie Ott at otta@dhfs.state.wi.us or 608/261-7809 with any questions.

cc: Ann Marie Ott
Hollister Chase

HEALTH AND COMMUNITY SUPPORTS CONTRACT CONTRACT INTERPRETATION BULLETIN

for CY 2004 Contract

CIB #2004-1: Program Integrity Requirements

CONTRACT SECTIONS AFFECTED

Article VII. J. - CMO Functions: Administration, *Fraud and Abuse*

STATEMENT OF POLICY

The CMO, with technical assistance from DHFS, shall comply with program integrity standards to guard against fraud and abuse as detailed at 42 CFR438.608.

“Fraud” is defined as an intentional deception or misrepresentation made by a person or entity with the knowledge that the deception or misrepresentation could result in some unauthorized benefit to him/herself, itself or to some other person or entity. It includes any act that constitutes fraud under applicable Federal or State law.

“Abuse” is defined as a practice that is inconsistent with sound fiscal, business or medical practices and results in unnecessary program costs or any act that constitutes abuse under applicable Federal or State law.

PURPOSE

This Contract Interpretation Bulletin identifies the expanded requirements for development and implementation of a comprehensive, internal program integrity program in compliance with Federal requirements detailed in 42CFR 438.608.

CONTRACT INTERPRETATION

Article VII. J, Fraud and Abuse shall be re-named: Program Integrity Plan, Program and Coordination

The CMO's governing board or its designee shall approve a written Program Integrity work plan that is developed by the designated CMO program integrity compliance officer and compliance committee. The plan will describe the CMO's commitment to operational initiatives designed to prevent, detect, and correct instances of fraud and abuse including details describing the scope of activity, goals, objectives and timelines associated with the monitoring program. The Program Integrity plan must be submitted to DHFS by September 1, 2004 and annually prior to the start of the contract year thereafter.

1. Additional Definition

"Abuse" means a practice that is inconsistent with sound fiscal, business or medical practices and results in unnecessary program costs or any act that constitutes abuse under applicable Federal or State law.

2. Written Procedures

The CMO, with technical assistance from the Department shall have written policies and procedures that relate to the following:

- a. conducting regular reviews and audits of operations
- b. assessing and strengthening internal controls
- c. educating employees, network providers and members about fraud and how to report it
- d. effectively organizing resources to respond to and process complaints of fraud and abuse

Reporting and Investigations

All instances of suspected abuse shall be reported to the Department in the same manner as those instances of suspected fraud as described in HCS Contract, Article VII, J. 3. And 4., pages 92 - 93.